

AMENDED IN ASSEMBLY APRIL 5, 2000
AMENDED IN ASSEMBLY MARCH 23, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1912

Introduced by Assembly Member Torlakson

February 11, 2000

An act to amend Section 18010 of, and to add Section 18009.3 to, the Health and Safety Code, and to amend Sections 635, 4453, 11713.1, 11713.3, 34500, and 35780.3 of the Vehicle Code, relating to park trailers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1912, as amended, Torlakson. Park trailers.

The Mobilehome Residency Law generally regulates tenancies within a mobilehome park. The Recreational Vehicle Park Occupancy Law generally regulates tenancies in a recreational vehicle park. The Mobilehome-Manufactured Housing Act of 1980 generally regulates manufactured housing. For purposes of these provisions, a recreational vehicle is defined to mean either a park trailer or a motor home, travel trailer, truck camper, or camping trailer that meets certain requirements. A park trailer is a recreational trailer designed for human habitation for recreational or seasonal use only, which is built on a single chassis, may only be transported upon the public highways with a permit, and contains 400 square feet or less of gross floor area measured at

the maximum horizontal projections, but does not exceed 12 feet in width or 40 feet in length in a traveling mode.

Existing law requires any licensed manufacturer, manufacturer branch, distributor, or distributor branch to affix an identification number to a park trailer and requires the Department of Transportation to regulate the safe operation of a park trailer, which, when moved upon a highway, is required to be moved pursuant to a permit.

This bill would revise the definition of a recreational vehicle to delete a park trailer from the definition. It would also revise the definition of park trailer to, among other things, remove the limitation on length and extend the limitation on width to 14 feet.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 18009.3 is added to the Health
2 and Safety Code, to read:

3 18009.3. "Park trailer" means a trailer designed for
4 human habitation for recreational or seasonal use only,
5 that meets all of the following requirements:

6 (a) It contains 400 square feet or less of gross floor area.
7 It may not exceed 14 feet in width at the maximum
8 horizontal projection.

9 (b) It is built upon a single chassis.

10 (c) It may only be transported upon the public
11 highways with a permit issued pursuant to Section 35790
12 of the Vehicle Code.

13 SEC. 2. Section 18010 of the Health and Safety Code
14 is amended to read:

15 18010. "Recreational vehicle" means a motor home,
16 travel trailer, truck camper, or camping trailer, with or
17 without motive power, designed for human habitation for
18 recreational, emergency, or other occupancy, that meets
19 all of the following criteria:

20 (a) It contains less than 320 square feet of internal
21 living room area, excluding built-in equipment,

1 including, but not limited to, wardrobe, closets, cabinets,
2 kitchen units or fixtures, and bath or toilet rooms.

3 (b) It contains 400 square feet or less of gross area
4 measured at maximum horizontal projections.

5 (c) It is built on a single chassis.

6 (d) It is either self-propelled, truck-mounted, or
7 permanently towable on the highways without a permit.

8 SEC. 3. Section 635 of the Vehicle Code is amended
9 to read:

10 635. A “trailer coach” is a vehicle, other than a motor
11 vehicle, designed for human habitation or human
12 occupancy for industrial, professional, or commercial
13 purposes, for carrying property on its own structure, and
14 for being drawn by a motor vehicle. A “park trailer,” as
15 described in Section 18009.3 of the Health and Safety
16 Code, is a trailer coach.

17 SEC. 4. Section 4453 of the Vehicle Code is amended
18 to read:

19 4453. (a) The registration card shall contain upon its
20 face, the date issued, the name and residence or business
21 address of the owner and of the legal owner, if any, the
22 registration number assigned to the vehicle, and a
23 description of the vehicle as complete as that required in
24 the application for registration of the vehicle.

25 (b) A motor vehicle of a type included in this
26 subdivision shall be identified as such on the face of the
27 registration card, whenever the department is able to
28 ascertain that fact, at the time application is made for
29 initial registration or transfer of ownership of the vehicle.

30 (1) A motor vehicle rebuilt and restored to operation
31 which was previously declared to be a total loss salvage
32 vehicle because the cost of repairs exceeds the retail value
33 of the vehicle.

34 (2) A motor vehicle rebuilt and restored to operation
35 which was previously reported to be dismantled pursuant
36 to Section 11520.

37 (3) A motor vehicle previously registered to a law
38 enforcement agency and operated in law enforcement
39 work.

40 (4) A motor vehicle formerly operated as a taxicab.

1 (5) A motor vehicle manufactured outside of the
2 United States and not intended by the manufacturer for
3 sale in the United States.

4 (6) A park trailer, as described in Section 18009.3 of the
5 Health and Safety Code, which when moved upon the
6 highway is required to be moved under a permit pursuant
7 to Section ~~35780~~ 35790.

8 (7) A motor vehicle that has been reacquired under
9 circumstances described in subdivision (c) of Section
10 1793.23 of the Civil Code, a vehicle with out-of-state
11 titling documents reflecting a warranty return, or a
12 vehicle that has been identified by an agency of another
13 state as requiring a warranty return title notation,
14 pursuant to the laws of that state. The notation made on
15 the face of the registration and pursuant to this
16 subdivision shall state "Lemon Law Buyback."

17 (c) The director may modify the form, arrangement,
18 and information appearing on the face of the registration
19 card and may provide for standardization and
20 abbreviation of fictitious or firm names on the
21 registration card whenever the director finds that the
22 efficiency of the department will be promoted by so
23 doing, except that general delivery or post office box
24 numbers shall not be permitted as the address of the
25 registered owner unless there is no other address.

26 SEC. 5. Section 11713.1 of the Vehicle Code is
27 amended to read:

28 11713.1. It is a violation of this code for the holder of
29 any dealer's license issued under this article to do any of
30 the following:

31 (a) Advertise any specific vehicle for sale without
32 identifying the vehicle by either its vehicle identification
33 number or license number.

34 (b) Advertise the total price of a vehicle without
35 including all costs to the purchaser at time of sale, except
36 taxes, vehicle registration fees, emission testing fees not
37 exceeding fifty dollars (\$50), actual fees charged for
38 certificates pursuant to Section 44060 of the Health and
39 Safety Code, finance charges, and any dealer document

1 preparation charge. The dealer document preparation
2 charge shall not exceed forty-five dollars (\$45).

3 (c) Exclude from the newspaper display
4 advertisement of a vehicle for sale that there will be
5 added to the advertised total price at the time of sale,
6 charges for sales tax, vehicle registration fees, the fee
7 charged by the state for the issuance of any certificate of
8 compliance or noncompliance pursuant to any statute,
9 finance charges, and any dealer document preparation
10 charge.

11 For purposes of this subdivision, “newspaper display
12 advertisement” means any advertisement in a
13 newspaper which is two or more newspaper columns in
14 width or one newspaper column in width and more than
15 seven inches in length.

16 (d) Represent the dealer document preparation
17 charge or certificate of compliance or noncompliance
18 fee, as a governmental fee.

19 (e) Fail to sell a vehicle to any person at the advertised
20 total price, exclusive of taxes, vehicle registration fees, the
21 fee charged by the state for the issuance of any certificate
22 of compliance or noncompliance pursuant to any statute,
23 finance charges, mobilehome escrow fees, the amount of
24 any city, county, or city and county imposed fee or tax for
25 a mobilehome, and any dealer document preparation
26 charge, which charges shall not exceed forty-five dollars
27 (\$45) for the document preparation charge and not to
28 exceed fifty dollars (\$50) for emission testing plus the
29 actual fees charged for certificates pursuant to Section
30 44060 of the Health and Safety Code, while the vehicle
31 remains unsold, unless the advertisement states the
32 advertised total price is good only for a specified time and
33 the time has elapsed.

34 (f) (1) Advertise for sale, sell, or purchase for resale
35 any new vehicle of a line-make for which the dealer does
36 not hold a franchise.

37 (2) This subdivision does not apply to any transaction
38 involving any of the following:

39 (A) A mobilehome.

1 (B) A recreational vehicle as defined in Section 18010
2 of the Health and Safety Code.

3 (C) A commercial coach, as defined in Section 18001.8
4 of the Health and Safety Code.

5 (D) An off-highway motor vehicle subject to
6 identification as defined in Section 38012.

7 (E) A manufactured home.

8 (F) A new vehicle that will be substantially altered or
9 modified by a converter prior to resale.

10 (G) A commercial vehicle with a gross vehicle weight
11 rating or more than 10,000 pounds.

12 (H) A vehicle purchased for export and exported
13 outside the territorial limits of the United States without
14 being registered with the department.

15 (g) Sell a park trailer, as specified in Section 18009.3 of
16 the Health and Safety Code, without disclosing in writing
17 to the purchaser that a park trailer is required to be
18 moved by a transporter or a licensed manufacturer or
19 dealer under a permit issued by the Department of
20 Transportation or a local authority with respect to
21 highways under their respective jurisdictions.

22 (h) Advertise free merchandise, gifts, or services
23 provided by a dealer contingent on the purchase of a
24 vehicle. The term “free” includes merchandise or
25 services offered for sale at a price less than the seller’s cost
26 of the merchandise or services.

27 (i) Advertise vehicles, and related goods or services, at
28 a specified dealer price, with the intent not to supply
29 reasonably expectable demand, unless the advertisement
30 discloses the number of vehicles in stock at the advertised
31 price. In addition, whether or not there are sufficient
32 vehicles in stock to supply a reasonably expectable
33 demand, when phrases such as “starting at,” “from,”
34 “beginning as low as,” or words of similar import are used
35 in reference to an advertised price, the advertisement
36 shall disclose the number of vehicles available at that
37 advertised price.

38 For purposes of this subdivision, in any newspaper
39 advertisement for a vehicle that is two model years old or
40 newer, the actual phrase that states the number of

1 vehicles in stock at the advertised price shall be (1)
2 printed in a type size that is at least equal to one-quarter
3 of the type size, and in the same style and color of type,
4 used for the advertised price, however, in no case shall the
5 phrase be printed in less than 8-point type size, and (2)
6 be disclosed immediately above, below, or beside the
7 advertised price without any intervening words, pictures,
8 marks, or symbols.

9 The disclosure required by this subdivision is in
10 addition to any other disclosure required by this code or
11 any regulation regarding identifying vehicles advertised
12 for sale.

13 (j) Use the term “rebate” or similar words such as
14 “cash back” in advertising the sale of a vehicle unless the
15 rebate is expressed in a specific dollar amount and is in
16 fact a rebate offered by the vehicle manufacturer or
17 distributor directly to the retail purchaser of the vehicle
18 or to the assignee of the retail purchaser.

19 (k) Require a person to pay a higher price for a vehicle
20 and related goods or services for receiving advertised
21 credit terms than the cash price the same person would
22 have to pay to purchase the same vehicle and related
23 goods or services. For the purpose of this subdivision,
24 “cash price” has the meaning as defined in subdivision
25 (e) of Section 2981 of the Civil Code.

26 (l) Advertise a guaranteed trade-in allowance unless
27 the guarantee is provided by the manufacturer or
28 distributor.

29 (m) Misrepresent the authority of a salesperson,
30 representative, or agent to negotiate the final terms of a
31 transaction.

32 (n) (1) Use the terms “invoice,” “dealer’s invoice,”
33 “wholesale price,” or similar terms that refer to a dealer’s
34 cost for a vehicle in an advertisement for the sale of a
35 vehicle or advertise that the selling price of a vehicle is
36 above, below, or at either of the following:

37 (A) The manufacturer’s or distributor’s invoice price
38 to a dealer.

39 (B) A dealer’s cost.

1 (2) This subdivision does not apply to either of the
2 following:

3 (A) Any communication occurring during face-to-face
4 negotiations for the purchase of a specific vehicle if the
5 prospective purchaser initiates a discussion of the
6 vehicle's invoice price or the dealer's cost for that vehicle.

7 (B) Any communication between a dealer and a
8 prospective commercial purchaser that is not
9 disseminated to the general public. For purposes of this
10 subparagraph, a "commercial purchaser" means a dealer,
11 lessor, lessor-retailer, manufacturer, remanufacturer,
12 distributor, financial institution, governmental entity, or
13 person who purchases 10 or more vehicles during a year.

14 (o) Violate any law prohibiting bait and switch
15 advertising, including, but not limited to, the guides
16 against bait advertising set forth in Part 238
17 (commencing with Section 238) of Title 16 of the Code of
18 Federal Regulations, as those regulations read on January
19 1, 1988.

20 (p) Make any untrue or misleading statement
21 indicating that a vehicle is equipped with all the factory
22 installed optional equipment the manufacturer offers,
23 including, but not limited to, a false statement that a
24 vehicle is "fully factory equipped."

25 (q) Affix on any new vehicle a supplemental price
26 sticker containing a price that represents the dealer's
27 asking price which exceeds the manufacturer's suggested
28 retail price unless all of the following occur:

29 (1) The supplemental sticker clearly and
30 conspicuously discloses in the largest print appearing on
31 the sticker, other than the print size used for the dealer's
32 name, that the supplemental sticker price is the dealer's
33 asking price, or words of similar import, and that it is not
34 the manufacturer's suggested retail price.

35 (2) The supplemental sticker clearly and
36 conspicuously discloses the manufacturer's suggested
37 retail price.

38 (3) The supplemental sticker lists each item which is
39 not included in the manufacturer's suggested retail price,
40 and discloses the additional price of each item. If the

1 supplemental sticker price is greater than the sum of the
2 manufacturer's suggested retail price and the price of the
3 items added by the dealer, then the supplemental sticker
4 price shall set forth that difference and describe it as
5 "added mark-up."

6 (r) Advertise any underselling claim, such as "we have
7 the lowest prices" or "we will beat any dealer's price,"
8 unless the dealer has conducted a recent survey showing
9 that the dealer sells its vehicles at lower prices than any
10 other licensee in its trade area and maintains records to
11 adequately substantiate the claims. The substantiating
12 records shall be made available to the department upon
13 request.

14 (s) Advertise any incentive offered by the
15 manufacturer or distributor if the dealer is required to
16 contribute to the cost of the incentive as a condition of
17 participating in the incentive program, unless the dealer
18 discloses in a clear and conspicuous manner that dealer
19 participation may affect consumer cost.

20 For purposes of this subdivision, "incentive" means
21 anything of value offered to induce people to purchase a
22 vehicle, including, but not limited to, discounts, savings
23 claims, rebates, below-market finance rates, and free
24 merchandise or services.

25 (t) Display or offer for sale any used vehicle unless
26 there is affixed to the vehicle the Federal Trade
27 Commission's Buyer's Guide as required by Part 455 of
28 Title 16 of the Code of Federal Regulations.

29 (u) Fail to disclose in writing to the franchisor of a new
30 motor vehicle dealer the name of the purchaser, date of
31 sale, and the vehicle identification number of each new
32 motor vehicle sold of the line-make of that franchisor, or
33 intentionally submit to that franchisor a false name for the
34 purchaser or false date for the date of sale.

35 (v) Enter into a contract for the retail sale of a motor
36 vehicle unless the contract clearly and conspicuously
37 discloses whether the vehicle is being sold as a new
38 vehicle or a used vehicle, as defined in this code.

(w) Use a simulated check, as defined in subdivision (a) of Section 22433 of the Business and Professions Code, in an advertisement for the sale or lease of a vehicle.

(x) Fail to disclose, in a clear and conspicuous manner in at least 10-point bold type on the face of any contract for the retail sale of a new motor vehicle that this transaction is, or is not, subject to a fee received by an autobroker from the selling new motor vehicle dealer, and the name of the autobroker, if applicable.

SEC. 6. Section 11713.3 of the Vehicle Code is amended to read:

11713.3. It is unlawful and a violation of this code for any manufacturer, manufacturer branch, distributor, or distributor branch licensed under this code to do any of the following:

(a) To refuse or fail to deliver in reasonable quantities and within a reasonable time after receipt of an order from a dealer having a franchise for the retail sale of any new vehicle sold or distributed by the manufacturer or distributor, any new vehicle or parts or accessories to new vehicles as are covered by the franchise, if the vehicle, parts, or accessories are publicly advertised as being available for delivery or actually being delivered. This subdivision is not violated, however, if the failure is caused by acts or causes beyond the control of the manufacturer, manufacturer branch, distributor, or distributor branch.

(b) To prevent or require, or attempt to prevent or require, by contract or otherwise, any change in the capital structure of a dealership or the means by or through which the dealer finances the operation of the dealership, provided that the dealer at all times meets any reasonable capital standards agreed to by the dealer and the manufacturer or distributor, and also provided that no change in capital structure shall cause a change in the principal management or have the effect of a sale of the franchise without the consent of the manufacturer or distributor.

(c) To prevent or require, or attempt to prevent or require, a dealer to change the executive management of

1 a dealership, other than the principal dealership operator
2 or operators if the franchise was granted the dealer in
3 reliance upon the personal qualifications of such person
4 or persons.

5 (d) (1) Except as provided in subdivision (t), to
6 prevent or require, or attempt to prevent or require, by
7 contract or otherwise, any dealer, or any officer, partner,
8 or stockholder of any dealership, the sale or transfer of
9 any part of the interest of any of them to any other person
10 or persons. No dealer, officer, partner, or stockholder
11 shall, however, have the right to sell, transfer, or assign
12 the franchise, or any right thereunder, without the
13 consent of the manufacturer or distributor except that
14 the consent shall not be unreasonably withheld.

15 (2) (A) For the transferring franchisee to fail, prior to
16 the sale, transfer, or assignment of a franchisee or the sale,
17 assignment, or transfer of all or substantially all of the
18 assets of the franchised business or a controlling interest
19 in the franchised business to another person, to notify the
20 manufacturer or distributor of the franchisee's decision to
21 sell, transfer, or assign the franchise. The notice shall be
22 in writing and shall include all of the following:

23 (i) The proposed transferee's name and address.

24 (ii) A copy of all of the agreements relating to the sale,
25 assignment, or transfer of the franchised business or its
26 assets.

27 (iii) The proposed transferee's application for
28 approval to become the successor franchisee. The
29 application shall include forms and related information
30 generally utilized by the manufacturer or distributor in
31 reviewing prospective franchisees, if those forms are
32 readily made available to existing franchisees. As soon as
33 practicable after receipt of the proposed transferee's
34 application, the manufacturer or distributor shall notify
35 the franchisee and the proposed transferee of any
36 information needed to make the application complete.

37 (B) For the manufacturer or distributor, to fail on or
38 before 60 days after the receipt of all of the information
39 required pursuant to subparagraph (A), or as extended
40 by a written agreement between the manufacturer or

1 distributor and the franchisee, to notify the franchisee of
2 the approval or the disapproval of the sale, transfer, or
3 assignment of the franchise. The notice shall be in writing
4 and shall be personally served or sent by certified mail,
5 return receipt requested, or by guaranteed overnight
6 delivery service that provides verification of delivery and
7 shall be directed to the franchisee. Any proposed sale,
8 assignment, or transfer shall be deemed approved, unless
9 disapproved by the franchisor in the manner provided by
10 this subdivision. If the proposed sale, assignment, or
11 transfer is disapproved, the franchisor shall include in the
12 notice of disapproval a statement setting forth the reasons
13 for the disapproval.

14 (3) In any action in which the manufacturer's or
15 distributor's withholding of consent under this
16 subdivision or subdivision (e) is an issue, whether the
17 withholding of consent was unreasonable is a question of
18 fact requiring consideration of all the existing
19 circumstances.

20 (e) To prevent, or attempt to prevent, a dealer from
21 receiving fair and reasonable compensation for the value
22 of the franchised business. There shall be no transfer or
23 assignment of the dealer's franchise without the consent
24 of the manufacturer or distributor, which consent shall
25 not be unreasonably withheld or conditioned upon the
26 release, assignment, novation, waiver, estoppel, or
27 modification of any claim or defense by the dealer.

28 (f) To obtain money, goods, service, or any other
29 benefit from any other person with whom the dealer does
30 business, on account of, or in relation to, the transaction
31 between the dealer and that other person, other than for
32 compensation for services rendered, unless the benefit is
33 promptly accounted for, and transmitted to, the dealer.

34 (g) To require a dealer to prospectively assent to a
35 release, assignment, novation, waiver, or estoppel which
36 would relieve any person from liability to be imposed by
37 this article or to require any controversy between a
38 dealer and a manufacturer, distributor, or representative,
39 to be referred to any person other than the board, if the
40 referral would be binding on the dealer. This subdivision



1 does not, however, prohibit arbitration before an
2 independent arbitrator.

3 (h) To increase prices of motor vehicles which the
4 dealer had ordered for private retail consumers prior to
5 the dealer's receipt of the written official price increase
6 notification. A sales contract signed by a private retail
7 consumer is evidence of each such order. In the event of
8 manufacturer price reductions, the amount of the
9 reduction received by a dealer shall be passed on to the
10 private retail consumer by the dealer if the retail price
11 was negotiated on the basis of the previous higher price
12 to the dealer. Price reductions apply to all vehicles in the
13 dealer's inventory which were subject to the price
14 reduction. Price differences applicable to new model or
15 series motor vehicles at the time of the introduction of
16 new models or series shall not be considered a price
17 increase or price decrease. Price changes caused by
18 either (1) the addition to a motor vehicle of required or
19 optional equipment pursuant to state or federal law, or
20 (2) revaluation of the United States dollar in the case of
21 foreign-make vehicles, are not subject to this subdivision.

22 (i) To fail to pay to a dealer, within a reasonable time
23 following receipt of a valid claim by a dealer thereof, any
24 payment agreed to be made by the manufacturer or
25 distributor to the dealer by reason of the fact that a new
26 vehicle of a prior year model is in the dealer's inventory
27 at the time of introduction of new model vehicles.

28 (j) To deny the widow or heirs designated by a
29 deceased owner of a dealership, the opportunity to
30 participate in the ownership of the dealership or
31 successor dealership under a valid franchise for a
32 reasonable time after the death of the owner.

33 (k) To offer any refunds or other types of inducements
34 to any person for the purchase of new motor vehicles of
35 a certain line-make to be sold to the state or any political
36 subdivision thereof without making the same offer to all
37 other dealers in the same line-make within the relevant
38 market area.

39 (l) To modify, replace, enter into, relocate, terminate
40 or refuse to renew a franchise in violation of Article 4

1 (commencing with Section 3060) of Chapter 6 of Division
2 2.

3 (m) To employ a person as a representative who has
4 not been licensed pursuant to Article 3 (commencing
5 with Section 11900) of Chapter 4 of Division 5.

6 (n) To deny any dealer the right of free association
7 with any other dealer for any lawful purpose.

8 (o) To compete with a dealer in the same line-make
9 operating under an agreement or franchise from a
10 manufacturer or distributor in the relevant market area.
11 A manufacturer or distributor shall not, however, be
12 deemed to be competing when operating a dealership
13 either temporarily for a reasonable period, or in a bona
14 fide retail operation which is for sale to any qualified
15 independent person at a fair and reasonable price, or in
16 a bona fide relationship in which an independent person
17 has made a significant investment subject to loss in the
18 dealership and can reasonably expect to acquire full
19 ownership of the dealership on reasonable terms and
20 conditions. A distributor shall not be deemed to be
21 competing when a wholly owned subsidiary corporation
22 of the distributor sells motor vehicles at retail, if, for at
23 least three years prior to January 1, 1973, the subsidiary
24 corporation has been a wholly owned subsidiary of the
25 distributor and engaged in the sale of vehicles at retail.

26 (p) To unfairly discriminate among its franchisees
27 with respect to warranty reimbursement or authority
28 granted its franchisees to make warranty adjustments
29 with retail customers.

30 (q) To sell vehicles to persons not licensed under this
31 chapter for resale.

32 (r) To fail to affix an identification number to any park
33 trailer, as described in Section 18009.3 of the Health and
34 Safety Code, that is manufactured on or after January 1,
35 1987, and which does not clearly identify the unit as a park
36 trailer to the department. The configuration of the
37 identification number shall be approved by the
38 department.

39 (s) To dishonor a warranty, rebate, or other incentive
40 offered to the public or a dealer in connection with the

1 retail sale of a new motor vehicle, based solely upon the
2 fact that an autobroker arranged or negotiated the sale.
3 This subdivision shall not prohibit the disallowance of that
4 rebate or incentive if the purchaser or dealer is ineligible
5 to receive the rebate or incentive pursuant to any other
6 term or condition of a rebate or incentive program.

7 (t) To exercise a right of first refusal or any other right
8 requiring a franchisee or any owner thereof to sell,
9 transfer, or assign to the franchisor, or to any nominee of
10 the franchisor, all or any material part of the franchised
11 business or of the assets thereof unless all of the following
12 requirements are met:

13 (1) The franchise authorizes the franchisor to exercise
14 a right of first refusal to acquire the franchised business
15 or assets thereof in the event of a proposed sale, transfer
16 or assignment.

17 (2) The franchisor gives written notice of its exercise
18 of the right of first refusal no later than 45 days after the
19 franchisor receives all of the information required
20 pursuant to subparagraph (A) of paragraph (2) of
21 subdivision (d).

22 (3) The sale, transfer, or assignment being proposed
23 relates to not less than all or substantially all of the assets
24 of the franchised business or to a controlling interest in
25 the franchised business.

26 (4) The proposed transferee is neither a family
27 member of an owner of the franchised business, nor a
28 managerial employee of the franchisee owning 15
29 percent or more of the franchised business, nor a
30 corporation, partnership, or other legal entity owned by
31 the existing owners of the franchised business. For
32 purposes of this paragraph, a “family member” means the
33 spouse of an owner of the franchised business, the child,
34 grandchild, brother, sister, or parent of an owner, or a
35 spouse of one of those family members. Nothing
36 contained in this paragraph limits the rights of the
37 franchisor to disapprove a proposed transferee as
38 provided in subdivision (d).

39 (5) Upon the franchisor’s exercise of the right of first
40 refusal, the consideration paid by the franchisor to the

1 franchisee and owners of the franchised business shall
2 equal or exceed all consideration that each of them were
3 to have received under the terms of, or in connection
4 with, the proposed sale, assignment, or transfer, and the
5 franchisor shall comply with all the terms and conditions
6 of the agreement or agreements to sell, transfer, or assign
7 the franchised business.

8 (6) The franchisor shall reimburse the proposed
9 transferee for any expenses paid or incurred by the
10 proposed transferee in evaluating, investigating, and
11 negotiating the proposed transfer to the extent those
12 expenses do not exceed the usual, customary, and
13 reasonable fees charged for similar work done in the area
14 in which the franchised business is located. These
15 expenses include, but are not limited to, legal and
16 accounting expenses, and expenses incurred for title
17 reports and environmental or other investigations of any
18 real property on which the franchisee's operations are
19 conducted. The proposed transferee shall provide the
20 franchisor a written itemization of those expenses, and a
21 copy of all nonprivileged reports and studies for which
22 expenses were incurred, if any, within 30 days of the
23 proposed transferee's receipt of a written request from
24 the franchisor for that accounting. The franchisor shall
25 make payment within 30 days of exercising the right of
26 first refusal.

27 (u) To unfairly discriminate in favor of any dealership
28 owned or controlled, in whole or part, by a manufacturer
29 or distributor or an entity that controls or is controlled by
30 the manufacturer or distributor. Nothing in this
31 subdivision shall be interpreted to prohibit a franchisor
32 from granting a franchise to prospective franchisees or
33 assisting those franchisees during the course of the
34 franchise relationship as part of a program or programs
35 to make franchises available to persons lacking capital,
36 training, business experience, or other qualifications
37 ordinarily required of prospective franchisees.

38 SEC. 7. Section 34500 of the Vehicle Code is amended
39 to read:



1 34500. The department shall regulate the safe
2 operation of the following vehicles:

3 (a) Motortrucks of three or more axles that are more
4 than 10,000 pounds gross vehicle weight rating.

5 (b) Truck tractors.

6 (c) Buses, schoolbuses, school pupil activity buses,
7 youth buses, and general public paratransit vehicles.

8 (d) Trailers and semitrailers designed or used for the
9 transportation of more than 10 persons, and the towing
10 motor vehicle.

11 (e) Trailers and semitrailers, pole or pipe dollies,
12 auxiliary dollies, and logging dollies used in combination
13 with vehicles listed in subdivision (a), (b), (c), or (d).
14 This subdivision does not include camp trailers, trailer
15 coaches, and utility trailers.

16 (f) Any combination of a motortruck and any vehicle
17 or vehicles set forth in subdivision (e) that exceeds 40 feet
18 in length when coupled together.

19 (g) Any truck, or any combination of a truck and any
20 other vehicle, transporting hazardous materials.

21 (h) Manufactured homes which, when moved upon
22 the highway, are required to be moved under a permit as
23 specified in Section 35780 or 35790.

24 (i) A park trailer, as described in Section 18009.3 of the
25 Health and Safety Code, which, when moved upon a
26 highway, is required to be moved under a permit
27 pursuant to Section 35780.

28 (j) Any other motortruck not specified in subdivisions
29 (a) to (h), inclusive, or subdivision (k), that is regulated
30 by the Public Utilities Commission or the Interstate
31 Commerce Commission, but only for matters relating to
32 hours of service and logbooks of drivers.

33 (k) Any commercial motor vehicle with a gross
34 vehicle weight rating of 26,001 or more pounds or any
35 commercial motor vehicle of any gross vehicle weight
36 rating towing any vehicle described in subdivision (e)
37 with a gross vehicle weight rating of more than 10,000
38 pounds, except combinations including camp trailers,
39 trailer coaches, or utility trailers. For purposes of the

1 subdivision, the term “commercial motor vehicle” has
2 the meaning defined in subdivision (b) of Section 15210.

3 SEC. 8. Section 35780.3 of the Vehicle Code is
4 amended to read:

5 35780.3. A permit issued under Section 35780 for the
6 movement of a park trailer, as described in Section
7 18009.3 of the Health and Safety Code, shall not be issued
8 except to transporters, or licensed manufacturers and
9 dealers.

